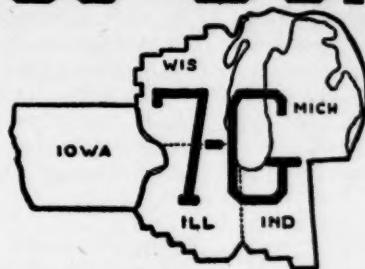


# BUSINESS CONDITIONS

THE LIBRARY  
SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 11, No. 2

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

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## NATIONAL SUMMARY OF BUSINESS CONDITIONS

**I**NDUSTRIAL activity continued in December at a relatively low level, and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade at retail stores was in somewhat larger volume than in the previous year.

**PRODUCTION**—Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe, and tobacco industries was reduced in December, while the output of steel, nonferrous metals, and petroleum increased. Production of automobiles continued in the same volume during December, but increased considerably in January, and within recent weeks there has been also a further increase in the activity of steel mills.

Building contract awards were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in thirty-seven eastern states, as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000, which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December, 1926, while those for industrial buildings and public works were smaller. During the

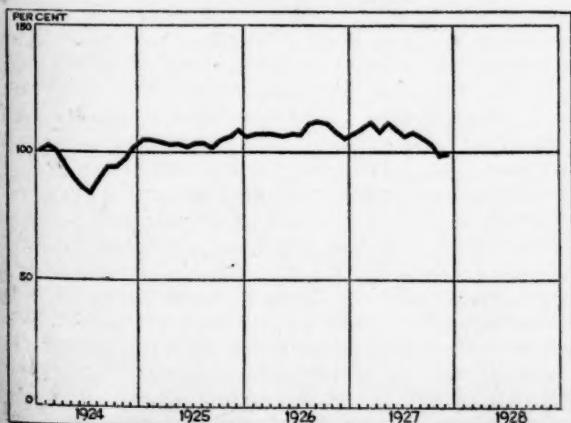
first three weeks of January, contract awards were in approximately the same volume as during the corresponding weeks of last year.

**TRADE**—Retail sales of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December, and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding month of last year. Stocks of groceries, shoes, hardware, and furniture carried by wholesale firms were smaller at the end of December than a year earlier, and stocks of dry goods and drugs were slightly larger.

Freight carloadings declined further in December, and were in smaller volume during that month and the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

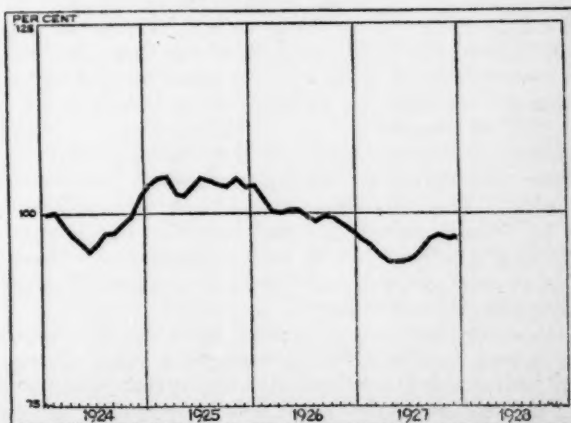
**PRICES**—The Bureau of Labor Statistics index of wholesale commodity prices remained practically unchanged in December, and was at the end of the year about one per cent lower than a year ago. Prices of grains, hide and leather products, nonferrous metals, and rubber increased in December, while prices of live stock, cotton, and lumber

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, December, 1927: 99.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure, December, 1927: 96.4.

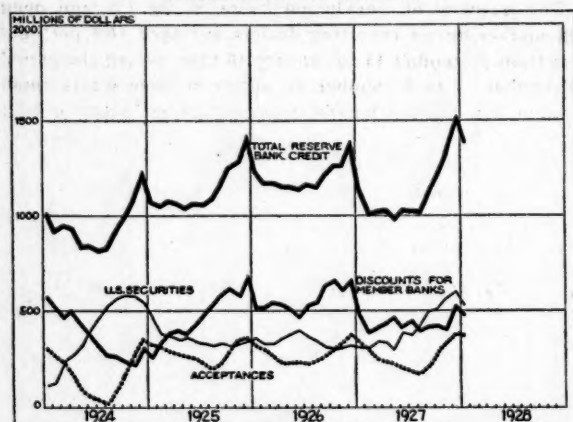
Compiled January 26, 1928.

declined. In the first three weeks of January, there were increases in prices of iron and steel, grains, and wool, while prices of cattle, hogs, and cotton declined.

**BANK CREDIT**—At reserve banks the seasonal demand for currency, after reaching its peak on December 24, was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24 and January 18. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the reserve banks.

Loans and investments of member banks in leading cities

#### RESERVE BANK CREDIT



Monthly averages of weekly figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in January, 1928: Total Reserve Bank Credit, 1,392 million; Discounts for Member Banks, 478 million; Acceptances, 376 million; U. S. Securities, 537 million.

### BUSINESS CONDITIONS IN THE SEVENTH DISTRICT

Conditions in the Middle West during December presented approximately the same aspects as those in November, seasonal factors playing a large part in the majority of the changes recorded. A comparison with a year ago, however, reveals several significant developments. Among the principal seasonal developments were the gain in retail sales over the preceding month, lowered volume of grain receipts with the exception of corn, larger quantities of which were received and reshipped at interior markets, a decline in flour production, and heavier shipments of hogs for slaughter.

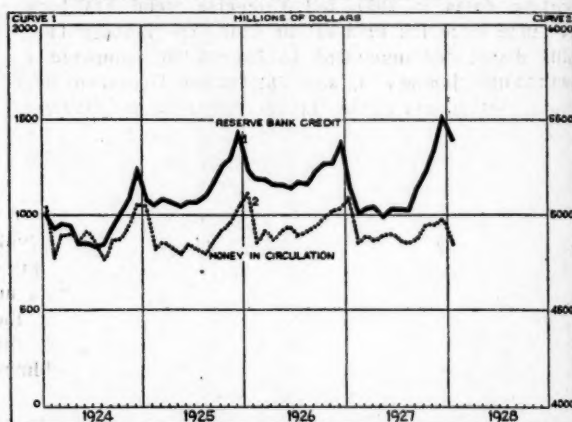
Other notable changes in December were: increased activity in the steel industry and a strengthening in steel prices from November; expansion in the volume of orders booked by steel and malleable casting foundries as compared with the preceding month and with December, 1926; lowered production of coal and lessened employment in mines from a year ago; smaller output in the automotive industry in the monthly and yearly comparisons, with volume of wholesale and retail distribution of cars also lower; and a decline in industrial employment. Retail trade exceeded December, 1926, and wholesale trade decreased in the same comparison. Building contracts awarded gained markedly over November as well as over December, 1926. Lumber sales, wholesale and retail, declined in the yearly and monthly comparisons.

January 1 inventories at packing plants and cold-storage warehouses exceeded those on December 1 and a year ago, but fell short of the five-year average. Visible supplies of wheat, oats, and barley decreased the middle of January from holdings in December; wheat stocks exceeded those of a year ago, but supplies of other grains were smaller

declined during the first half of January, but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4 and January 18 reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks' investment holdings.

Call loan rates showed the usual seasonal decline at the turn of the year, but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from  $3\frac{1}{4}$  to  $3\frac{3}{4}$  per cent, and there was also a slight advance in rates on time money in the open market.

#### CURRENCY AND RESERVE BANK CREDIT



Money in circulation data are averages of first-of-month figures, and reserve bank credit data are monthly averages of daily figures. Latest figures, January, 1928, partly estimated: Total Reserve Bank Credit, 1,392 million; Money in Circulation, 4,849 million.

than at the beginning of 1927. Dairy products receded seasonally from December 1 holdings; butter inventories showed a gain over a year ago and over the 1923-1927 average for January 1, while cheese and eggs declined in both comparisons.

Continued easy money, an active investment market, a decrease in commercial paper sales from November, a gain in check payments over December a year ago and seasonally over the preceding month, and increased savings in both comparisons, comprise the principal developments of a financial nature.

The year 1927 showed gains in activity of some important industries as compared with 1926, while a lower level was indicated for others. Total production in the automotive industry decreased rather extensively, and the sales of sixty-two meat packing companies also diminished as between the two years. Total sales of reporting department stores gained slightly, as did sales billed to domestic and foreign customers by agricultural implement manufacturers. Coal production fell far short of the 1926 aggregate.

#### CREDIT CONDITIONS AND MONEY RATES

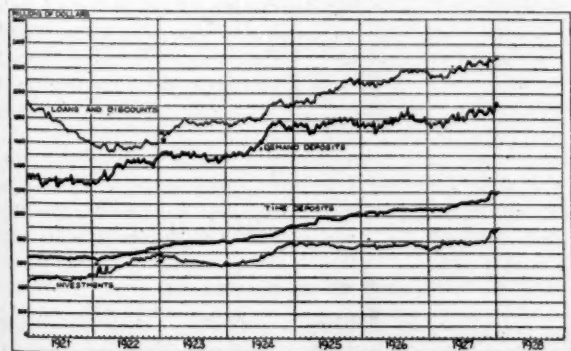
Funds are plentiful throughout the district. A slight gain in volume of demand during the past month has been reported in several cities, but insufficient to result in any marking-up of rates. In Chicago, the supply of funds is more than ample to care for current needs, considerable increase in bank deposits more than offsetting the gain in volume of loans. Current rates in Chicago are as follows: commercial paper  $3\frac{1}{4}$  to  $4\frac{1}{4}$  per cent, collateral loans  $4\frac{1}{4}$  to  $4\frac{3}{4}$  per cent, and customers' over-the-counter loans  $4\frac{1}{4}$  to 5 per cent, all unchanged from a month ago. The average rate earned on loans and discounts by ten large Chi-

cago banks during the calendar month of December was 4.87 per cent, as against 4.80 per cent in November and 5.06 per cent a year ago. In Detroit, the corresponding figure for six banks in December was 5.31, as against 5.23 per cent in November and 5.44 in December, 1926. The prevailing rate on commercial loans during the week ended January 15 in the latter city was 5 to 6 per cent, compared with 5 to 6 per cent for the same period in December.

Federal Reserve Bank credit in use in the district has shown a gradual recession since December 14, total bills and securities on January 18 amounting to \$203,142,000 compared with \$230,796,000 given on the first named date. Loans to member banks moved downward the last two reporting dates in 1927, but a reverse trend has been in evidence since the turn of the year. On January 11 total bills discounted amounted to \$64,939,000, compared with \$63,723,000 January 4, and \$61,759,000 December 28. A slight decline was shown January 18 when \$64,131,000 was reported. Federal Reserve notes in circulation reached a seasonal peak on December 28 with \$271,754,000, and on January 18 had declined to \$237,401,000.

Loans and discounts of reporting member banks amounted to \$2,297,951,000 on January 11, compared with \$2,259,925,000 December 28, the increase representing gains in loans on stocks and bonds in Chicago, as well as an upward movement in commercial loans throughout the district the first half of January. On January 18 the aggregate dropped to \$2,285,494,000. Investment holdings of reporting member banks on January 18 touched \$903,063,000, exceeding by more than eleven million the highest point in 1927, \$891,028,000 on December 21. Net demand deposits were at a high point on January 11, totaling \$1,931,695,000 compared with \$1,845,068,000 on December 28, the last reporting date in 1927; they declined on January 18, however, to \$1,909,080,000. Time deposits have fluctuated during the past month; the \$1,203,416,000 on January 18 exceeded but slightly the total on December 28 (\$1,200,026,000).

#### POSITION REPORTING MEMBER BANKS—7TH DISTRICT



\*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, January 18, 1928, in thousands of dollars: Loans and Discounts, 2,285,494; Demand Deposits, 1,909,080; Time Deposits, 1,203,416; Investments, 903,063.

Seven gains and four declines from the preceding month, and five increases and six recessions from a year ago were shown in December sales of commercial paper, with the aggregate volume for eleven dealers 9.2 per cent less than in November and 2.6 per cent below last year. The supply of bills ranged from very limited to moderate, while demand remained fair to good during the month. Sales reported for the first two weeks of January, 1928, by

three local concerns totaled slightly in excess of the corresponding period of December. Rates continued easy during December at  $4\frac{1}{4}$  to  $4\frac{1}{2}$  for high, a majority of firms quoting the first mentioned figure, and at  $3\frac{3}{4}$  for low. The customary figure stood at  $3\frac{3}{4}$  to 4 per cent, with more than half the dealers quoting the higher rate. During the first two weeks of January,  $3\frac{3}{4}$  was generally conceded as low (although a small volume moved at  $3\frac{1}{2}$ ), 4 to  $4\frac{1}{2}$  as high, and  $3\frac{3}{4}$  to 4 per cent as average. Total outstandings of five dealers decreased 5.3 per cent at the end of December from the preceding month, but were 6.3 per cent heavier than a year ago: for twenty-six firms located throughout the country, outstandings amounted to \$555,000,000.

The quantity of weekly purchases in the Chicago open bill market by six reporting dealers averaged 10.6 per cent less from December 15 to January 18 than during the period November 17 to December 14, although there was a small gain in the amount bought from acceptors; sales of bills decreased 10.8 per cent. Inter-office transactions declined 26.5 per cent in amount of receipts and 64.6 per cent in the volume forwarded in these comparisons. Commodities involved in the transactions consisted principally of cotton, grain, machinery, packing-house products, hides, canned goods, dollar exchange, lumber, rubber, wool, furs, casings, coffee, tobacco, glass, rubber, rayon, sugar, wood-pulp, rice, peanuts, and varnish. The supply of paper was indicated as rather limited; a few houses found the supply fair to good. Demand was poor to fair during the first half of the period and fair thereafter. Sixty- and 90-day maturities were in best demand; 45-day bills were in fairly good demand at times; and there was some inquiry for 30- and 120-day paper. Quotations firmed for 90- to 180-day bills and remained steady on shorter maturities; selling rates on January 18, 1928, ranged from 3 per cent for 30-day bills to  $3\frac{1}{2}$  and  $3\frac{3}{4}$  per cent for those of 150- and 180-days. January 18 holdings showed a recession of 19.5 per cent from those of December 14.

The quantity of bills accepted by sixteen reporting banks in the Seventh district totaled 6.0 per cent less in December than for the preceding month, and aggregated 40.4 per cent in excess of a year ago. Purchases increased 30.8 per cent over November and 196.8 per cent over last December, while sales gained 2.7 per cent and 101.1 per cent in these comparisons, thereby establishing new records in both items. Acceptances at three local banks during the first two weeks of January, 1928, represented transactions in meat and lard, cotton, coffee, leather, rubber, iron, dry goods, raisins, general merchandise, shoes, grain, tobacco, tea, and hurlap. Liabilities for outstandings were 11.3 per cent larger at the close of 1927 than at the end of November, and stood at the highest level since April, 1925. December 31 holdings showed a recession of 2.5 per cent in the aggregate from a month previous and an increase of 56.7 per cent over last year, with two-thirds of the banks reporting gains in both comparisons; bills held in the portfolios of originating banks totaled 8.6 per cent less and 92.0 per cent greater, respectively. The Federal Reserve Bank of Chicago bought \$52,278,894 of bankers' acceptances during December and held \$62,295,466 in these bills at the end of the month.

**Volume of Payment by Check**—Volume of payment by check as reported by thirty-seven clearing house centers in the Seventh district totaled \$6,808,022,000 in December, a gain of 13.4 per cent over November and 6.9 per cent above December, 1926. The city of Chicago showed a 14.1 per cent increase in volume over the prior month, and a rise of 9 per cent from the corresponding month a year ago.



The total of the four larger cities, Chicago, Detroit, Indianapolis, and Milwaukee, showed a 14.6 per cent greater volume than in November, and was 8.6 per cent above December, 1926; thirty-three smaller centers reported an aggregate 6.8 per cent more than in November, but less by 2.4 per cent than in December a year ago.

**Savings**—Seventh district savings increased 0.02 per cent in number of accounts, 1.1 per cent in average deposits, and 1.2 per cent in total amount on December 31 over the first of the month, and gained 1.8, 1.1, and 3.0 per cent, respectively, in the comparisons with last year, according to a compilation for 209 banks. Individually, seven-tenths of the banks reported an increase in deposits over December 1, and three-fourths of them showed improvement over the close of 1926. A decrease in average and total deposits in Michigan and Indiana, together with a decline in the number of

accounts in Illinois and Michigan, marked the only recessions in state totals from December 1; figures for each of the states exceeded a year ago, although there was a slight lowering in the average account in Illinois and Iowa.

**Bonds**—With the exception of a brief lull during the holiday period, the bond market continued strong through the middle of January, practically all classes of securities being actively in demand. Public utilities and municipals have been of outstanding popularity, while industrials, especially those less well known, have tended to move more slowly. Real estate bonds are reported in heavy demand, which the supply is entirely inadequate to meet. Dealers' shelves are fairly clear, new issues of important corporations moving out rapidly. Prevailing conditions of easy money are regarded as the prime factors in the continued activity in the bond market.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

**Grain Marketing**—Smaller quantities of wheat and oats, and seasonally larger tonnages of corn were received and reforwarded at interior markets in the United States during December than in November. Each of the items increased in volume over a year ago, with the exception of oat reshipments which declined slightly. The movement was heavier for corn, and lighter for oats and wheat than the 1922-26 December average. Visible supplies of wheat, oats, and barley in the United States decreased, and those of corn and rye increased on January 14, 1928, compared with the corresponding Saturday in December. Wheat stocks exceeded a year ago, but holdings of other grain were smaller than at the beginning of 1927. Trading in wheat and rye futures decreased in December from the preceding month; the recession, however, was more than offset by increased commitments for corn and oats, so that the month's transactions in grain futures by members of the Chicago Board of Trade totaled 2.2 per cent greater than in November, though falling 10.0 per cent below a year ago. Chicago grain prices opened at firm levels the beginning of December and then gradually declined, the average for the month being slightly higher than in November. Quotations showed a somewhat firmer tendency during the early part of January.

### FLOUR PRODUCTION IN THE SEVENTH DISTRICT

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	1927	1926	
Production (bbls.)	- 8.6	+ 3.8	34
Stocks of flour at end of month (bbls.)	+ 2.3	+22.5	30
Stocks of wheat at end of month (bu.)	- 9.0	- 7.6	30
Sales (volume)	-10.4	- 3.2	15
Sales (value)	-12.9	-10.9	15

Production includes wheat and other flours. Balance of items refer to wheat flour only.

**Meat Packing**—Slaughtering establishments in the United States produced a slightly larger tonnage of edible products during December than in November or a year ago, with recessions in the beef department more than offset by greater activity in the pork section. Employment during the last payroll period of the month reflected a reduction in receipts during the holidays, declining 2.0 per cent in number, 15.5 per cent in hours worked, and 11.6 per cent in value as compared with November. Domestic trade averaged good for lard and smoked meat, fair for dry salt products, and somewhat draggy for beef and lamb; inquiry for fresh pork was a little slow at the beginning of the period, but showed improvement toward the close of the month. Sales billed to domestic and foreign customers by fifty-eight packing companies in the United States aggregated 1.5 per cent more than in November, but were 8.5 per

cent less than last December. For the calendar year 1927, the sales of sixty-two companies totaled 5.1 per cent less than in 1926. During early January, demand in domestic markets ranged from fair to good. January 1 inventories at packing plants and cold-storage warehouses in the United States exceeded those of December 1 or a year ago, but were below the five-year average. Beef, lamb, and miscellaneous meat holdings decreased from last year, and lard, frozen pork, and lamb stocks were above the 1923-27 January average. Chicago quotations for pork and lard declined in December from the preceding month; beef and mutton prices firmed a little, while those for lamb and veal remained about on a level with November. A somewhat heavier tonnage of packing-house products was forwarded in December for export than in the preceding month. Foreign demand continued fair for lard and rather dull for meats; British inquiry for hams improved slightly. Consignment inventories abroad and in transit to European countries showed a reduction on January 1 from the beginning of December. Continental prices approached Chicago parity; in general, quotations in England remained at a slight discount.

**Movement of Live Stock**—Marketings of live stock followed the usual year-end trend, with offerings on a liberal basis during the first half of December but rather limited after mid-month because of influence of the Christmas and New Year's holidays. Cattle and calf receipts at public stock yards in the United States decreased more than the customary amount from November, while lamb arrivals declined about the usual volume. Hog receipts showed a large seasonal gain during December compared with the preceding month. All totals, except that for hogs, were under a year ago.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, December, 1927	204,709	996,140	321,103	108,332
Federally Inspected Slaughter U. S.				
December, 1927	761,143	4,868,608	1,093,964	376,486
November, 1927	881,483	3,688,439	1,070,361	410,765
December, 1926	886,803	4,393,602	1,171,829	410,046

Reshipments of live stock to feed lots showed a customary recession from November and were less than in December, 1926.

### AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JAN. 14	DEC.	NOV.	DEC.
	1928	1927	1927	1926
Native Beef Steers (average)	\$13.80	\$13.25	\$14.00	\$10.25
Fat Cows and Heifers	8.60	8.50	8.45	6.40
Hogs (bulk of sales)	8.25	8.35	9.05	11.65
Yearling Sheep	10.65	10.30	10.65	9.20
Lambs	12.75	13.20	13.75	12.40

**Dairy Products**—Reports from seventy-one creameries show that butter production in the Seventh Federal Reserve district increased 6.2 per cent in December over the preceding month and was 4.1 per cent less than a year ago. Statistics of the American Association of Creamery Butter Manufacturers indicate recessions for the United States in both comparisons. Sales of creamery butter billed to customers increased 25.9 per cent in volume over November and were 3.3 per cent in excess of December, 1926, according to reports sent direct to this bank by seventy-three companies located in the Seventh district. Wisconsin primary markets received a 3.9 per cent smaller tonnage of American cheese from factories located within that state for the four weeks ended December 31 than in the preceding period, although the quantity was 11.8 per cent greater than for

the corresponding weeks of last year; redistribution from these centers declined 17.0 per cent and 13.5 per cent in the respective comparisons. January 1 inventories of dairy products at cold-storage warehouses and packing plants in the United States showed a seasonal recession from the preceding month. Butter holdings exceeded those of a year ago and the 1923-27 average for January 1; cheese and egg stocks declined in both comparisons. Receipts of butter and cheese increased slightly at Chicago in December over November, while egg arrivals decreased; the volume of each was considerably smaller than a year ago. Chicago quotations for dairy products were higher than in November; prices eased somewhat during the early part of January.

## COAL

Little change was noted during December in the coal industry of the Seventh district. Absence of cold weather through most of the month resulted in a light demand for domestic sizes of coal. The situation in screenings improved somewhat the latter part of the month, and prices firmed considerably; the strength shown was due in part to small supplies and partly to a slightly better demand from industrial consumers. Production, though increasing over November, was lower for this season than in several years. December output from Illinois mines totaled

6,209,347 tons, representing a gain of 848,769 tons over November, but 2,245,430 tons under December, 1926; for the year 1927 Illinois production fell below 1926 by more than 20 million tons. The number of Illinois mines in operation during December totaled 186, compared with 176 in the preceding month and 227 a year ago; employment aggregated 59,953 men working for an average of 17.5 days, compared with 57,597 men and 15.9 days in November, and 71,805 men and 20 days in December, 1926.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Employment at industrial plants of the Seventh Federal Reserve district showed an aggregate decline of 0.7 per cent for the November 15 to December 15 period. The comparatively small curtailment was the result of an upturn in the demand for iron and steel, which to a large extent counteracted the continued slowing-down in other industrial lines. Increased activity at many of the iron and steel mills, as well as at foundries and machine shops, was reflected in the gains reported for the metals and metal products group, 1.1 per cent in men and 4.1 per cent in payrolls offsetting about one-half of the losses of the preceding month. The rubber products group also aided in maintaining a stable volume of employment by adding 1.3 per cent to working forces, while paper and printing showed a somewhat smaller increase for the period. In the manufacture of clothing and of boots and shoes, there was practically no change in the volume of employment, but increased working hours resulted in substantial increases in the amount of payrolls. All other reporting industrial groups registered declines

from November, with the heaviest losses occurring in vehicles and in building materials.

A comparison with employment a year ago reveals heavy declines in most of the reporting lines, vehicles leading with a drop of over 15 per cent and metals following with a reduction of approximately 10 per cent. The only marked advance was registered by the rubber products group, in which industry both men and payrolls are about one-third larger than a year ago.

In the non-manufacturing industries, employment experienced a decline similar to that of manufacturing concerns. While wholesale and retail dealers added 11 per cent to their forces during the month, building and construction laid off more than one-fourth of the men that were still at work in November. Employment at coal mines continued to gain but is still almost one-third lower than in December, 1926. At most of the reporting employment offices, the proportion of workers to available positions showed a considerable increase.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	DEC. 15 1927	NOV. 15 1927	PER CENT CHANGE	DEC. 15 1927	NOV. 15 1927	PER CENT CHANGE
All groups (10)	309,405	311,682	- 0.7	\$8,590,112	\$8,544,485	+ 0.5
Metals and metal products (other than vehicles)	115,558	114,321	+ 1.1	3,373,820	3,240,242	+ 4.1
Vehicles	23,020	24,102	- 4.5	645,755	698,596	- 7.6
Textiles and textile products	26,069	26,088	- 0.1	625,590	590,719	+ 5.9
Food and related products	46,358	46,688	- 0.7	1,257,568	1,289,164	- 2.5
Stone, clay, and glass products	11,953	12,837	- 6.9	337,938	376,671	-10.3
Lumber and its products	27,992	29,101	- 3.8	671,283	716,898	- 6.4
Chemical products	9,973	10,255	- 2.7	272,096	269,524	+ 1.0
Leather products	14,813	14,814	- 0.0	326,561	308,092	+ 6.0
Rubber products	4,188	4,136	+ 1.3	109,740	107,764	+ 1.8
Paper and printing	29,481	29,340	+ 0.5	969,761	946,815	+ 2.4

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—For the year 1927, production of passenger automobiles in the United States fell 22.8 per cent under 1926, and was the lowest since 1923, while truck output declined 7.1 per cent and

was also smaller than in 1925. December statistics show production of passenger cars, totaling 105,784, as 3.6 per cent below November and 24.4 per cent smaller than a year ago. Truck output aggregated 27,394, an increase of

11.3 per cent over the preceding month and 2.4 per cent under December, 1926.

Retail and wholesale distribution of new cars in the Middle West and used car sales continued to decline in December, as compared with the preceding month and December, 1926. With few exceptions, retail dealers reporting to this bank sold less cars during the year 1927 than in 1926; more than half of the wholesale distributors reported a smaller volume sold this year; used car sales averaged slightly under 1926. Average monthly stocks of new cars have been higher this year, while the number of used cars was less and the value larger. Deferred payment sales of thirty-three dealers were 41.8 per cent of their total retail sales in December, as compared with 45.2 in the preceding month and 41.2 in December, 1926.

#### MIDWEST DISTRIBUTION OF AUTOMOBILES

	DECEMBER, 1927 CHANGES FROM NOV.		YEAR 1927 DEC. CHANGE FROM NOV.		COMPANIES INCLUDED DEC. 1926	
	1927	1926	1927	1926	1926	1926
<b>New cars</b>						
Wholesale—						
Number sold .....	-35.0	-51.4	-4.1	36	34	32
Value .....	-33.2	-44.7	-12.1	36	34	32
Retail—						
Number sold .....	-12.3	-46.2	-29.8	85	84	80
Value .....	-10.7	-21.0	-14.9	85	84	80
On hand Dec. 31—						
Number .....	+ 1.0	+ 7.6	+ 1.1*	55	54	46
Value .....	+ 0.2	+13.5	+ 8.4*	55	54	46
<b>Used cars</b>						
Number sold .....	-30.1	-21.6	- 1.3	85	84	78
Saleable on hand—						
Number .....	+ 9.9	-10.0	- 4.9*	53	52	46
Value .....	+ 0.2	+15.7	+13.7*	53	52	46

\*Average monthly.

**Iron and Steel Products**—Incoming steel business and operations increased during December in the Chicago district, and mills are entering 1928 with a larger volume of orders on their books and a more satisfactory rate of operations assured. Prices are also improving. As a whole, the year 1927 compared favorably with 1926 in this district, although a decline was apparent the latter months of the year. Unfilled orders of the United States Steel Corporation on December 31, were larger than for the corresponding date of any month since March, 1926, increasing 518,430 tons over November 30. December steel ingot output in the United States averaged slightly higher than in the preceding month, but continued below the corresponding period of 1926. Pig iron production for the country was less in the daily average for December than in any month since July, 1925. For the second successive month, pig iron output in the Illinois and Indiana district increased in the daily average, though remaining slightly lower in the year-to-year comparison.

Prices of iron and steel products have been firmer since the middle of December and the composite average, as shown by *Iron Trade Review*, rose on January 11 from \$35.07 the preceding week to \$35.23, and again on January 18 to \$35.33; the average for January 19, 1927, was \$37.47. Scrap iron and steel prices at Chicago strengthened after the first of December.

Orders booked during December by steel casting foundries of the Seventh district were much larger in the aggregate than in either the preceding month or December, 1926. Shipments and production, however, were less in both comparisons. Malleable foundries likewise showed a greatly increased volume of new orders, both as compared with November and a year ago; shipments were heavier than in the preceding month, but smaller than a year ago; production increased in both the month-to-month and yearly comparisons. December reports from stove and furnace manufacturers in the district showed smaller shipments, orders booked, and production than in

November, while in the comparisons with December, 1926, shipments and production increased and new orders declined.

**Agricultural Machinery and Equipment**—December sales billed to domestic and foreign customers by eighty-four manufacturers of agricultural machinery and equipment in the United States increased over the preceding month 10.8 per cent in the tractor, thresher, combination harvester-thresher group, and 0.2 per cent in "all other" (exclusive of barn supplies), but showed a decrease of 17.6 per cent in barn equipment. Aggregate value of the heavy group was 12.5 per cent greater than for December last year, sales of light machinery gained 10.3 per cent, while the distribution of barn equipment increased 5.6 per cent in the comparison. For the calendar year 1927, sales billed to domestic and foreign customers by ninety manufacturers in the United States totaled 5.2 per cent larger than in 1926, with a decided increase in the heavy line, a slight gain in barn equipment, and a recession in the light group. The chart accompanying this article shows the trend for each classification by months.

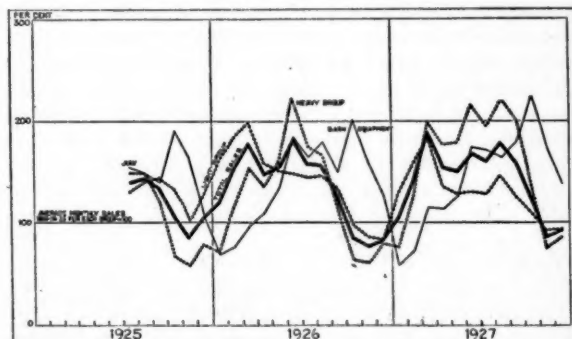
#### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in December, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	Nov. 1927	Dec. 1926	
Domestic sales billed .....	+ 3.9	+ 4.3	84
Sales billed for export .....	+ 4.5	+41.8	42
Total sales billed .....	+ 4.0	+11.1	84
Production .....	+11.2	+11.4	82

Production computed from average employment during the month. Sales based on value.

#### SALES OF AGRICULTURAL MACHINERY AND EQUIPMENT TO DOMESTIC AND FOREIGN CUSTOMERS IN THE UNITED STATES



Latest figures, December, 1927: Heavy Group, \$6.7; Light Group, \$1.8; Barn Equipment, \$38.3; Total Sales, \$1.4.

**Shoe Manufacturing, Tanning, and Hides**—Shoe factories in the Seventh Federal Reserve district were less active in December than in the preceding month or a year ago, with shipments 6.1 per cent below current production. Twenty-five companies had stock shoes on hand January 1 equivalent to 99.7 per cent of the volume of their December shipments. Unfilled orders on the books of twenty-one companies gave assurance of eight weeks' operations at the December rate of distribution.

#### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN DECEMBER, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	Nov. 1927	Dec. 1926	
Production .....	-12.0	-12.2	28
Shipments .....	-11.9	-10.9	28
Stock shoes on hand .....	+ 5.0	+15.2	25
Unfilled orders .....	+ 0.5	- 4.8	20

Leather production in the Seventh district increased



over November but showed some recession from December, 1926; sales billed to customers totaled considerably heavier in both comparisons, according to reports sent direct to this bank by representative tanneries. Prices continued to strengthen.

Trading in packer green hides at Chicago increased slightly in December over the preceding month; the market for calf skins remained rather quiet. Shipments of hides and skins from the city and purchases by tanners in the Seventh district were reported heavier than in November. Chicago quotations for December showed an advance over the preceding month.

**Furniture**—According to the reports of twenty-four furniture manufacturers of the Seventh district, orders booked during December declined in the aggregate 44.1 per cent from November and 23.5 per cent from a year ago, only two firms indicating an increase in the former comparison and ten in the latter. Shipments likewise fell off from the preceding month and were less than in December, 1926, the declines averaging 19.4 and 20.6 per cent. Ship-

ments exceeded new orders, and together with cancellations effected a decrease in unfilled orders on hand December 31 of 32.0 per cent; unfilled orders were 28.1 per cent below a year ago. Production was less than in either November or December, 1926.

**Raw Wool and Finished Woolens**—During December the raw wool market was strong and active. Sales were in very fair volume, and prices continued to move higher. The situation both in prices and in sales showed improvement over a year ago. Manufacturers covered their requirements somewhat in advance, leaving unsold stocks in dealers' hands very light. Contracting has started in the West, and the primary markets displayed considerable strength; the Jericho clip sold at 35 cents this year as compared with 30¼ cents a year ago; other western wools have also been selling higher. Production and sales by woolen manufacturers showed little change from November; preparations are now being made for the Fall, 1928, openings; mills in some cases have advanced prices slightly on duplicate orders for the spring season.

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

A sharp contraction in the demand for lumber was reflected in a smaller volume of sales for December, twenty-four wholesale dealers reporting declines in dollar amount averaging 8.4 per cent, and one hundred twenty-six retail yards registering a drop of 38.4 per cent from the preceding month. Sales were also below those of a year ago, the reductions aggregating 16.8 per cent at wholesale and 12.7 per cent for retailers. Measured in board feet, the sales of nineteen reporting wholesalers were 14.1 per cent less than in November and 17.8 per cent below December, 1926. Outstanding wholesale accounts on December 31 averaged 143 per cent of monthly sales, which compares with 155 per cent the preceding month and 135 for a year ago. The corresponding ratios at retail yards were, respectively, 451, 322, and 422 per cent. Inventories in the hands of wholesale dealers at the close of December were slightly larger than a month earlier, but somewhat lower than a year ago; stocks at retail yards were less in both comparisons.

Sales of cement were reported as considerably below normal, and production was curtailed further, many plants

closing while others were running on part time. Similar conditions prevailed in the brick industry where output was reported as much below both that of November, and of December, 1926.

**Building Construction**—Contracts awarded in the Seventh Federal Reserve district during December amounted to \$123,790,122, the highest volume on record for this month, 49.5 per cent in excess of the preceding month, and 34.4 per cent over the December, 1926, volume. Residential contracts were \$46,889,307, or 5.2 per cent more than in November and 23.7 per cent ahead of December a year ago. Total awards for the entire year 1927 exceeded those of 1926 by 10.6 per cent, residential construction alone showing an increase of 13.9 per cent. The ratio of residential to total construction was 40.9 per cent in 1927 as against 39.7 per cent in 1926. Permits issued in fifty cities of the district aggregated declines in estimated cost of 5.1 per cent from November and of 10.7 per cent from a year ago. These declines would have been considerably larger but for the heavy increase recorded at Detroit.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—All of the five wholesale lines reporting to this bank, showed a decline in aggregate sales for December from November; in the comparisons with December, 1926, drugs and shoes increased. Total sales for 1927 were less than 1926 in all lines, declines averaging 2.3 per

cent for groceries, 3.2 for drugs, 4.8 in hardware, 6.7 in shoes, and 8.7 per cent for dry goods. With few exceptions prices are reported as firm, and in groceries and shoes the trend is indicated as slightly upward.

WHOLESALE TRADE DURING THE MONTH OF DECEMBER, 1927

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month	
	PER CENT CHANGE FROM PRECEDING MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	LAST YEAR	RATIO TO NET SALES	PER CENT CHANGE FROM PRECEDING MONTH	LAST YEAR
Groceries .....	(35)—10.0	(35)—4.1	(22)—8.3	(23)—13.4	(31)—11.8	(31)—2.1	(31) 111.2	(26)+4.0	(26)—3.1
Hardware .....	(17)—12.3	(17)—1.9	(11)—2.6	(10)—5.3	(17)—8.4	(16)+0.8	(17) 209.5	(14)—2.1	(13)—15.9
Dry Goods .....	(14)—22.3	(13)—1.7	(11)+1.9	(10)+3.9	(12)—16.9	(11)—4.1	(12) 323.2	(10)+18.3	(9)—8.9
Drugs .....	(15)—6.9	(15)+2.2	(13)—4.6	(13)—2.2	(13)—10.3	(14)—5.5	(13) 140.5	(9)+17.2	(9)—4.6
Shoes .....	(8)—24.7	(8)+1.3	(5)—2.7	(6)+10.9	(6)—15.7	(7)—3.9	(6) 339.1	(5)+7.1	(5)—5.6

Figures in parentheses indicate number of firms included.

**Department Store Trade**—December sales of seventy-nine department stores in the Seventh district increased seasonally 51.9 per cent in the aggregate over the preceding month and exceeded December, 1926, by 3.9 per cent. Total sales for the year 1927 were 2.1 per cent larger than in 1926. Of the larger cities in the district, Chicago, Detroit, and Indianapolis showed gains for 1927 over 1926; the total for fifty-four stores in smaller cities was 3.4 per cent

less. Stocks were seasonally lower on December 31 than a month previous, and were also smaller than a year ago. Stock turnover (the ratio of sales to average stocks) of fifty-one stores was 54.6 per cent for December, 1927, and 51.5 per cent a year ago; for the entire year, turnover averaged 399.3 per cent, compared with 387.0 per cent for 1926. Collections and accounts receivable increased in the monthly and yearly comparisons; the ratio of December

collections to accounts outstanding November 30 was 41.7 per cent in 1927 compared with 40.6 per cent in 1926, according to the reports of fifty-six firms.

**Retail Shoe Trade**—Sales of shoes at retail in December aggregated 53.7 per cent more than in November and 8.6 per cent above a year ago, according to the reports of twenty-three dealers and the shoe sections of sixteen department stores of the Seventh district; individually, all but six of the firms indicated increases in the month-to-month comparison and almost two-thirds in the yearly. Total sales for the year 1927 declined 3.0 per cent from 1926, with about two-thirds the individual records showing decreases. Stocks on December 31 of thirty-one firms totaled 16.3 per cent under a month previous and 2.6 per cent below the corresponding date a year ago. Fifteen dealers reported December collections 6.9 per cent larger than in November, but aggregating 32.5 per cent smaller than in December, 1926; accounts receivable on December 31 increased 0.3 and declined 38.9 per cent in the respective monthly and yearly comparisons; the ratio of accounts receivable at the end of the month to sales during the month was 53.0 per cent for December this year, 60.5 for November, and 78.5 a year ago.

**Retail Furniture Trade**—December furniture sales of twenty retail dealers and of twenty-one department stores

in this district gained 26.5 per cent in the aggregate over the preceding month and exceeded December, 1926, by 5.3 per cent. Stocks of twenty-nine of these firms totaled 4.6 per cent less at the end of the month than on November 30, and 0.6 per cent larger than a year ago. For fifteen furniture dealers, December installment sales increased 29.4 per cent in the monthly comparison and were 7.9 per cent above December, 1926. Collections on this type of sales averaged about the same as in November and a year ago. Total collections of seventeen dealers increased 15.7 and 3.0 per cent, respectively, in the month-to-month and yearly comparisons, and accounts receivable on December 31 gained 1.3 and 3.4 per cent.

**Chain Store Trade**—The December-November increase in the sales of twenty-five chains with 2,157 stores totaled 59.2 per cent, and the gain over December a year ago 8.9 per cent. All groups reported gains in the month-to-month comparison; grocery, drug, five-and-ten-cent, and men's and women's clothing chains showed increases over December, 1926, while shoes, musical instruments, cigars, and furniture declined. The number of stores operating during December exceeded those in November by thirty-nine, and there were two hundred sixty more in operation than in December, 1926.

### MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars).....	62	100.8	99.3	104.5	110.3
<b>Casting Foundries—</b>					
Shipments (in dollars).....	27	55.7	60.6	70.6	69.4
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	12	88.8	140.3	87.7	160.0
<b>Agricultural Machinery &amp; Equipment—(U. S.)—</b>					
Domestic Sales (in dollars).....	90	83.5	80.0	80.4	68.4
Exports (in dollars).....	60	133.5	125.6	95.8	121.9
Total Sales (in dollars).....	90	91.4	87.3	82.8	77.0
Production.....	88	138.2	123.5	124.8	130.8
<b>Furniture—</b>					
Orders (in dollars).....	19	57.1	102.6	80.8	113.5
Shipments (in dollars).....	19	87.3	105.8	105.1	116.0
<b>Shoes—</b>					
Production (in pairs).....	34	88.5	95.7	105.7	114.9
Shipments (in pairs).....	34	83.6	91.0	97.9	110.5
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	149.9	141.4	139.4	131.3
Industrial Sales (KWH).....	8	142.3	143.2	126.7	129.8
<b>Flour—</b>					
Production (in bbls.).....	34	103.0	112.7	99.3	101.5
<b>Output of Butter by Creameries—</b>					
Production.....	76	78.9	73.5	81.1	76.8
Sales.....	76	105.0	77.5	103.8	90.6
<b>Automobiles—</b>					
Distribution in Middle West:					
New cars—Wholesale—Number sold.....	28	30.7	47.3	63.1	65.3
Value.....	28	34.5	49.9	64.5	67.8
New cars—Retail—Number sold.....	48	30.8	34.2	58.7	52.5
Value.....	48	49.5	53.9	64.3	60.8
New cars—On hand—Number.....	42	114.5	113.4	95.6	126.1
Value.....	42	115.8	115.6	95.1	118.7
Used cars—Number sold.....	41	71.2	98.6	93.8	94.3
Used cars—On hand—Number.....	41	134.0	123.6	146.9	141.7
Value.....	41	129.7	128.5	112.9	120.0
Production (U. S.): Passenger cars.....	35.9	37.3	47.5	75.6	
Trucks.....	76.4	68.7	78.2	94.4	
<b>Freight Carloadings—(U. S.)—</b>					
Grain and Grain Products.....	98.0	104.0	95.3	100.0	
Live Stock.....	88.9	106.0	89.4	108.6	
Coal.....	99.4	101.3	126.3	143.0	
Coke.....	84.1	79.1	101.4	112.0	
Forest Products.....	73.9	88.5	77.6	94.9	
Ore.....	21.4	46.7	25.3	77.9	
Merchandise and Miscellaneous.....	92.3	108.9	93.4	112.9	
Total.....	89.4	102.8	95.5	114.8	
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>2</sup>					
Illinois and Indiana.....	100.1	97.8	103.7	109.3	
United States.....	88.5	89.9	101.5	109.9	
Steel Ingot Production—(U. S.) <sup>2</sup> .....	90.9	89.5	100.1	106.9	
Unfilled Orders U. S. Steel Corp.....	83.2	72.3	82.9	79.7	

### Wholesale Trade—

	No. of Firms	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Net Sales (in dollars):</b>					
Groceries.....	37	89.6	100.7	94.1	103.1
Hardware.....	18	82.3	91.4	83.8	97.5
Dry Goods.....	13	69.3	89.9	71.9	98.0
Drugs.....	11	91.5	100.7	93.2	104.4
Shoes.....	9	59.6	78.7	58.8	91.6

### Retail Trade (Dept. Stores)—

	No. of Firms	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Net Sales (in dollars):</b>					
Chicago.....	7	182.6	103.5	187.6	112.7
Detroit.....	5	235.2	154.3	206.9	131.4
Indianapolis.....	5	180.9	125.0	169.9	127.3
Milwaukee.....	5	177.2	129.3	180.0	131.5
Outside.....	55	164.1	109.9	167.3	112.3
Seventh District.....	77	193.8	129.3	184.8	118.6

### Retail Trade—(U. S.)—

	No. of Firms	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Department Stores.....</b>	359		156	234	156
<b>Mail Order Houses.....</b>	4		160	166	153
<b>Chain Stores:</b>					
Grocery.....	27		422	373	347
Drug.....	9		223	261	198
Shoe.....	6		155	215	150
Five and Ten Cent.....	5		265	466	247
Candy.....	5		235	303	232
Music.....	4		128	223	146
Cigar.....	3		146	222	150

### Stamp Tax Collections—

	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
Sales or Transfers of Capital Stock.....	150.1	107.4	64.2	38.8
Sales of Produce on Exchange—Futures.....	65.9	76.3	80.8	74.0

### U. S. Primary Markets—

	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Grain Receipts:</b>				
Oats.....	55.6	57.6	49.6	54.3
Corn.....	172.3	76.8	104.9	104.8
Wheat.....	73.6	126.9	61.9	86.2
<b>Grain Shipments:</b>				
Oats.....	35.1	47.0	49.2	39.3
Corn.....	76.9	44.6	40.3	57.8
Wheat.....	53.0	105.9	47.6	66.9

### Building Construction—

	Dec. 1927	Nov. 1927	Dec. 1926	Nov. 1926
<b>Contracts awarded (in dollars):</b>				
Residential.....	163.2	155.1	132.0	175.4
Total.....	184.0	123.0	136.9	170.1
<b>Permits:</b>				
Chicago.....	Number 44.3	65.4	56.1	84.0
Cost.....	82.9	100.1	94.7	99.4
Indianapolis.....	Number 38.4	63.2	48.3	74.6
Cost.....	40.4	60.4	25.1	62.7
Des Moines.....	Number 22.2	52.6	20.6	42.3
Cost.....	14.6	19.5	70.7	29.1
Detroit.....	Number 39.5	59.3	41.2	79.4
Cost.....	121.7	47.4	97.2	110.2
Milwaukee.....	Number 66.3	84.5	61.6	92.4
Cost.....	86.4	76.2	67.9	73.0
Others (45).....	Number 49.4	85.0	44.0	80.7
Cost.....	68.2	122.9	117.2	85.5
Fifty Cities.....	Number 48.8	74.8	48.1	81.8
Cost.....	85.8	90.3	96.1	94.9

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. Monthly average 1919=100; 4. First Illinois internal revenue district; 5. Monthly average receipts 1923-24-25=100.



